



What's Your Plan?

Prepare for the future with a 529 college savings plan

We all want the best possible future for the children in our lives, and college is a stepping-stone to that future. A college education, while valuable, can be a huge investment for families. That's why so many people have turned to one of the easiest and most convenient ways to save for higher education: a 529 college savings plan.

Typically sponsored by individual states, 529 savings plans allow you to choose your investment options and make contributions to them over time. Your earnings and losses will vary based on the options you choose and market performance.

529 savings plans are popular because they offer a great combination of low-minimum and high-maximum contribution limits, investment flexibility, and tax advantages. Many states allow certain contributions to be deducted from state income tax, and

qualified withdrawals are free of federal and most state income taxes.*

No matter what your age, income, or relationship to the student, you can contribute money for their benefit. Your savings can be used to pay for qualified higher-education expenses at any eligible educational institution that meets federal guidelines. This includes virtually all undergraduate and graduate colleges and universities, and technical schools in the United States and many institutions abroad.

**Check with your or your beneficiary's home state to see if it offers any tax benefits for contributions to its plan. Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.*

529 COLLEGE SAVINGS DAY

Choose an investing approach that's right for you

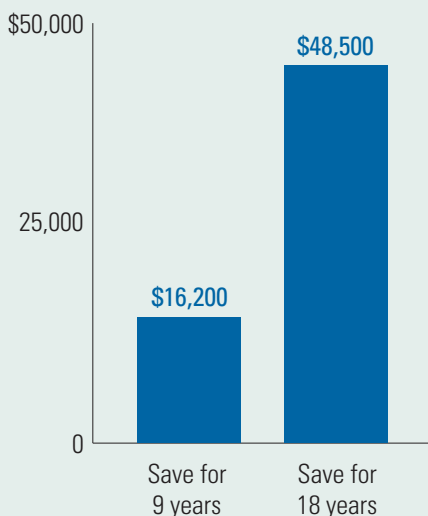
Depending on your risk tolerance and comfort level, you can usually pick from two investing approaches:

- **Age-based options.** The age-based options are professionally managed for you. This investment solution is designed to take into account the beneficiary's age. In general, younger beneficiaries will be invested more heavily in stocks to take advantage of the longer time horizon and to try and maximize returns. As the beneficiary nears college age, account assets are automatically moved to more conservative portfolios with the goal of preserving capital.
- **Individual portfolios.** Individual portfolios allow you to choose investments yourself. You pick from the investment portfolios offered by the plan and adjust your own asset allocations. Individual portfolios allow you to customize your asset allocation to be most appropriate for your goals.

Understand the difference between direct-sold, advisor-sold, and prepaid plans

- **Direct-sold plans.** Although most 529 savings plans are administered by states, you often enroll through an investment provider chosen by the state, typically a financial services company. These "direct-sold" plans typically have expense ratios ranging from 0.50% to 1% per year.
- **Advisor-sold plans.** If you are interested in financial guidance and ongoing assistance, you can enroll in a plan administered by a state and distributed through a broker or financial advisor. These advisor-sold plans may include fees in addition to expense ratios, as well as sales commissions.
- **Prepaid plans.** Another type of 529 is the prepaid plan, which works differently from the savings plan. Prepaid plans typically let you purchase credits or units for an in-state public education at today's tuition prices and use them toward future college costs. These credits can be converted to cover private and out-of-state education. The idea here is that your investment will grow with the rising costs of college.

Saving early can make a difference



Every day you delay saving for college represents a missed opportunity for your money to accumulate and potentially grow. Investing over a long period of time has clear advantages.

Let's say you set aside \$1,200 a year—that's just \$100 a month—in a tax-free account such as a 529 college savings plan, for a total investment of \$21,600 over 18 years. If this investment earns 8% a year, you will have approximately \$48,500 at the end of 18 years.*

If you wait to open this account and save for 9 years instead of 18, you'll have accumulated about \$16,200.*

**These hypothetical examples assume no funds withdrawn during the period specified and do not represent the performance of any particular investment. The ending balance does not take into account any taxes that may be due upon distribution. Actual investment returns may be higher or lower than those shown. An investment plan of regular investment cannot assure a profit or protect against a loss in a declining market.*

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529 Plan Features*	
Unlimited participation	Parents, grandparents, relatives, or friends can own and contribute to an account for a beneficiary. Some plans allow only the account owner to make contributions.
No income restrictions	You can invest in a plan no matter what you earn.
Flexible age limit	Most plans allow you to contribute for a beneficiary of any age. Only a few plans have age restrictions.
State income tax benefits	Contributions to your state's plan may be eligible for a total or partial deduction/credit on your state income tax return.
Ability to change the beneficiary	The account can be transferred at any time to a different beneficiary who is an eligible family member of the original beneficiary.
Tax-free withdrawals	The account grows tax-deferred. Withdrawals are free from federal income tax if used to pay for qualified higher-education expenses and, in most instances, are exempt from state income tax. (Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.)
Minimal impact on federal financial aid	Plans are not treated as student assets for the purposes of federal financial aid and are assessed at the lower rate of the account owner.
Accelerated gift-tax benefit	You can contribute up to \$65,000 in a single year (five times the normal exclusion of \$13,000 per year) for each beneficiary without incurring the federal gift tax, as long as you don't make any other contributions or gifts to that beneficiary during that year or the following four years. Married persons filing jointly can contribute up to \$130,000 in a single year without being subject to gift tax.**
529 Plan Considerations	
Potentially high expenses	Some plans charge higher fees, including broker commissions and enrollment, annual maintenance, transfer, and advisor fees.
Investment risk	Plans are not FDIC-insured or otherwise government-guaranteed; however, certificates of deposit that are included in some plans' options are FDIC-insured. Depending on the investment, options are subject to market, interest rate, and other financial risks and may lose value.
Penalty if not used for higher education	Earnings on withdrawals not used for qualified higher-education expenses are taxed as ordinary income at the recipient's federal tax rate and usually incur a 10% federal penalty tax.

**Please read a plan's Disclosure Statement for specific details regarding applicable fees, expenses, and restrictions.*

***In the event the donor does not survive the 5-year period, a prorated amount will revert back to the donor's taxable estate.*

Note: When you invest in a 529 plan, you are purchasing municipal securities whose value will vary with market conditions.

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Before selecting a 529 plan:

1. Find out if your own state's 529 plan offers any exclusive incentives, such as a deduction on your state income tax for contributions made to the plan or value-added programs that allow for additional ways to save.
2. Determine which type of plan is best for you: direct-sold, advisor-sold, or prepaid.
3. Evaluate the range and type of investments available in the plan, including age-based options, to ensure it has diversified options based on your risk tolerance.

Resources

To learn more about 529 plans, visit:

- www.529.com
- www.collegesavings.org
- www.savingforcollege.com